Mailed: May 28, 2004

UNITED STATES PATENT AND TRADEMARK OFFICE

Trademark Trial and Appeal Board

DM Enterprises & Distributors, Inc.

v.

Ruta Maya Royalty, Ltd., substituted for Timothy J. Sheehan[1]

Cancellation No. 92029327

Jesus Sanchelima of Sanchelima & Associates, P.A. for DM Enterprises & Distributors, Inc.

Merrily S. Porter of Law Offices of James O. Houchins for Ruta Maya Royalty, Ltd., substituted for Timothy J. Sheehan.

Before Quinn, Chapman and Holtzman, Administrative Trademark Judges.

Opinion by Chapman, Administrative Trademark Judge:

DM Enterprises & Distributors, Inc. (a Florida corporation) has filed a petition to cancel a registration on the Principal Register issued to Timothy J. Sheehan (an

[1] The registration sought to be cancelled herein has been assigned by the original registrant, Timothy J. Sheehan, to Ruta Maya Royalty, Ltd. (a Texas limited partnership) and the assignment has been recorded by the Assignment Branch of the USPTO on March 11, 2002 at reel 2457, frame 0716. Ruta Maya Royalty, Ltd. is accordingly substituted as the respondent in

individual, residing in Texas), now owned by Ruta Maya Royalty, Ltd., for the mark CUBITA for "coffee."[2]

Petitioner alleges the following as grounds for its petition to cancel:

> (1) Petitioner is a Florida corporation and is using the mark CUBITA in commerce. Petitioner claims a prior right to use the mark by having acquired said rights from its predecessor in interest who licensed the mark to the Registrant.
>
> (2) Petitioner has recently filed an intent-to-use [sic- use-based] trademark application for CUBITA and Design, for coffee in international class 30, for which serial number 74,697,908 [sic- 75697908] and a filing date of May 4, 1999 has been assigned. Petitioner's application has been rejected by the Examiner based on the previous registration of registrant's mark, CUBITA.
>
> (3) Registrant's above identified mark so resembles Petitioner's mark as to be likely, when used in connection with registrant's goods cited in its registration, to cause confusion or to cause mistake as to the source or sponsorship of the goods in question.
>
> (4) For the aforesaid reasons, Petitioner is being damaged by the registration of the mark identified above.

Informationally, petitioner's application Serial No. 75697908 is for the mark shown below

for "coffee." The application was filed on May 4, 1999,

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this proceeding. See Fed. R. Civ. P. 25(c), and TBMP §512.01 (2d ed. June 2003).

[2] Registration No. 2252228, issued June 15, 1999, from an application filed on February 16, 1994. The claimed date of first use and first use in commerce is March 1, 1994.

based on petitioner's claimed date of first use on February 13, 1994.

In his answer, the original registrant "admits only that its registered mark, CUBITA, resembles the mark Petitioner seeks to register," and denies the remaining allegations of the petition to cancel. In addition, he asserts the following:

> Further, Registrant believes that the entity which Petitioner characterizes as its "predecessor-in-interest" fraudulently misrepresented ownership and use of the mark to Registrant. Specifically, Petitioner's "predecessor-in-interest" claimed to be the owner of the mark CUBITA and fraudulently induced Registrant into reliance on that representation, resulting in Registrant agreeing to enter into a licensing agreement with said "predecessor-in-interest."

The record consists of the pleadings; the file of respondent's registration; the testimony, with exhibits, of Raul Diaz, petitioner's president; the testimony, with exhibits, of Timothy John Sheehan, the original registrant; respondent's notice of reliance filed December 6, 2002 on petitioner's answers to respondent's interrogatory Nos. 1-14; and petitioner's notices of reliance filed January 21, 2003 on (i) respondent's answer to petitioner's interrogatory No. 8, and (ii) respondent's documents produced in response to petitioner's document request Nos. 4, 12 and 15.[3]

[3] Generally, a party may not make documents obtained from another party of record by way of notice of reliance. See Trademark Rule 2.120(j)(3)(ii). However, respondent did not object to

Both parties filed briefs on the case. Neither party requested an oral hearing.

According to petitioner's president, Mr. Raul Diaz, DM Enterprises & Distributors, Inc. (located in Florida), is in the business of distributing supermarket products; one of the names under which petitioner does business is Universal Brands; and one of the products it distributes is CUBITA brand coffee.

Mr. Diaz also testified that in February 1999 petitioner paid $7000 to Ms. Leni Alonzo and Mr. Michael (Miguel) Angel (husband and wife) to purchase their purported rights to the mark CUBITA for coffee, including a Florida state registration of the mark CUBITA;[4] that petitioner purchased these rights from the husband and wife after learning that Ms. Leni Alonzo and Constante Importing Co., Inc. (Timothy Sheehan, president) had entered into a license agreement in 1995 wherein she was the licensor and owner of the trademark CUBITA; that petitioner's first use is February 1994[5] through its predecessor in interest, Ms.

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petitioner's notice of reliance on said produced documents, and respondent accordingly stipulated the documents into the record. See TBMP §704.11 (2d ed. June 2003).

[4] The assignment document submitted by petitioner is a photocopy of a trademark assignment form filed with the Florida Division of Corporations that Florida state Registration No. T96000000068 and rights in the mark CUBITA (along with the goodwill) were assigned from Ms. Alonzo to petitioner. (Petitioner's Exhibit No. 3.)

[5] In petitioner's application, the claimed date of first use is February 13, 1994; while in petitioner's answers to respondent's

Leni Alonzo as licensor of the mark, with use by Timothy Sheehan inuring to the benefit of the licensor; and that petitioner's own first use of the mark occurred in July 1999.

Mr. Diaz further testified that petitioner sold approximately 1650 boxes (24 8-oz. packages per box) of CUBITA brand coffee in 1999, and about 2000 boxes in 2000 (costing approximately $72,000); that since 1999 petitioner has advertised the mark through radio, television, newspapers, and promotions -- including a joint promotional event with Sedanos Supermarkets; and that petitioner filed its application for the mark CUBITA and design for coffee, but the involved registration was cited against petitioner's application.

In answering respondent's interrogatory No. 11 regarding the basis for petitioner's claim of a prior right to use of the mark CUBITA, petitioner stated that "Registrant's use inured to the benefit of his licensor and owner of the mark"; and in identifying the geographical area of petitioner's use of the mark, it stated "Florida, New York and Chicago" (answers to respondent's interrogatory Nos. 5(c) and 12).

Mr. Sheehan, the original registrant, testified that he imports wholesale and retail coffee; that he is exclusively

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interrogatory Nos. 9 and 10, petitioner stated its first use is

in that business, which he began in 1990; that he is a principal in several entities that are in the coffee business (i.e., Ruta Maya Importing, Ltd. imports coffee, Constante Importing retails coffee); that he filed an intent-to-use application in February 1994, and he first used the mark CUBITA for coffee in Texas on February 14, 1994; that his use has been continuous since that date; that his use of the mark for these goods has expanded to Colorado, North Dakota, South Dakota and Illinois; that respondent has had a presence on the Internet since 1996; and that respondent sells its coffee through two major distributors who sell to grocery stores, and, in addition, very occasionally respondent sells directly to restaurants.

Mr. Sheehan also testified that his then-application was suspended because of a prior pending application (Serial No. 74448582, filed October 19, 1993 by Ms. Leni Alonzo based on her assertion of a bona fide intention to use the mark CUBITA for coffee); that respondent contacted Ms. Alonzo (and her husband Mr. Angel); and that because they represented that they were using the mark for coffee, in 1995 he (as president of Constante Importing Co., Inc.) entered into a trademark license agreement.

He further testified that shortly after he entered into the license agreement, the prior pending application owned

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February 14, 1994.

by Ms. Alonzo was abandoned and he could find no evidence of any use whatsoever of the mark by Ms. Alonzo (or Mr. Angel); that, to the contrary, he found evidence the mark was not used; that specifically, in a January 1994 letter from Mr. Sanchelima (petitioner's attorney) to an agency of the Cuban government, Mr. Sanchelima stated that he could find no evidence that Leni Alonzo was in the coffee business (dep., pp. 32-34);[6] that Mr. Angel sent Mr. Sheehan a letter including a list of hundreds of trademarks (primarily Cuban names) for a wide variety of goods and services (for example, rum, sugar, cigars, coffee, perfume, magazines, travel and tour services, international trade company, hotels, casinos and home sales),[7] upon receipt of which Mr. Sheehan then became concerned that there was a political or trademark scheme in which he did not want to be involved; that after Mr. Sheehan obtained his registration, Mr. Angel contacted Mr. Sheehan offering to sell rights in the mark CUBITA for $10,000, and stating that otherwise he would sell it to a party in Miami; that Mr. Sheehan was also called by Mr. Sanchelima regarding the $10,000 offer; and that Mr. Sheehan met with Mr. Sanchelima and Mr. Raul Diaz, but found petitioner had not only adopted the mark, but the artwork used by respondent.

[6] A copy of this letter was not made of record.
[7] A copy of this letter was not made of record, but the multi-page trademark list is Exhibit No. 13 to the Sheehan deposition.

Mr. Sheehan explained that given this information, he would never have entered into a license agreement with Ms. Alonzo and he considers the trademark license was obtained

by Ms. Alonzo through fraud (dep., pp. 31 and 44-45); and that petitioner has not claimed use earlier than respondent's even though petitioner is relying on a predecessor in interest who claimed to have used the mark prior to respondent's first use.

Respondent's answer to petitioner's interrogatory No. 8 shows respondent's sales of the goods under the mark CUBITA were $21,780 in 1995; $43,100 in 1996; $4,876 in 1996; and $2,148 in 1998.

The registration petitioner seeks to cancel is entitled to the prima facie presumptions under Section 7(b) of the Trademark Act, 15 U.S.C. §1057(b), of the validity of the registration, of respondent's ownership of the registered mark, and of respondent's right to exclusive use of the mark in commerce in connection with the identified goods. Petitioner thus has the burden of submitting sufficient evidence to rebut these presumptions.

In Board proceedings, our primary reviewing Court has held that the plaintiff must establish its pleaded case (e.g., priority and likelihood of confusion), as well as its standing, and must generally do so by a preponderance of the evidence. See Cunningham v. Laser Golf Corp., 222 F.3d 943, 55 USPQ2d 1842, 1848 (Fed. Cir. 2000); Martahus v. Video Duplication Services Inc., 3 F.3d 417, 27 USPQ2d 1846, 1850 (Fed. Cir. 1993); Magic Wand Inc. v. RDB Inc., 940 F.2d 638,

19 USPQ2d 1551, 1554 (Fed. Cir. 1991); and Cerveceria Centroamericana, S.A. v. Cerveceria India Inc., 892 F.2d 1021, 13 USPQ2d 1307, 1309 (Fed. Cir. 1989).

Petitioner has established its standing to bring this case as it has proven that it applied to register the mark CUBITA and design for coffee; and that its application was refused registration based on the involved registration. See Cunningham v. Laser Golf Corp., supra.

The parties' word marks -– CUBITA -- are identical,[8] and the goods -– coffee -- are identical. We therefore find that there is a likelihood of confusion in this case where the identical word mark is used by both petitioner and respondent on the same goods. See In re E. I. du Pont de Nemours & Co., 476 F.2d 1357, 177 USPQ 563 (CCPA 1973).

The question here is one of priority of use and, as explained above, it is petitioner who bears the burden of proving its priority.

The record shows that Ms. Leni Alonzo filed an intent-to-use-based application in October 1993; that Mr. Timothy Sheehan (the original registrant) filed an application in February 1994 and first used the mark CUBITA for coffee in February 1994; that Ms. Alonzo (licensor) and Mr. Sheehan (Constante Importing Co., Inc. as licensee) entered into a trademark license agreement on March 21, 1995, which

[8] We note that there is a design feature in petitioner's applied-for mark.

terminated on May 31, 1996 (paragraph X.A. of respondent's Exhibit No. 12); that Ms. Alonzo's application was abandoned in 1995; that Mr. Sheehan's application matured into Registration No. 2252228 on June 15, 1999; that in February 1999 petitioner purchased the rights of Ms. Alonzo in the mark CUBITA (including a Florida state registration); and that petitioner itself first used the mark in July 1999.

Petitioner's theory that it has priority is based on Ms. Alonzo's prior application filed in 1993; the licensee's (Constante Importing Co., Inc.) asserted assignment of its rights in the mark CUBITA to Ms. Alonzo in paragraph X.B. of the license agreement; and petitioner's acquisition of Ms. Alonzo's rights by assignment in 1999. Noting that respondent has not previously asserted that the trademark license agreement was improperly obtained by the licensor, petitioner concludes that it is entitled to claim as its priority date the date on which the original registrant (Mr. Timothy Sheehan) first used the mark CUBITA, or February 14, 1994.

We will assume (without deciding) that Mr. Sheehan's use of the mark CUBITA for coffee during the time of the trademark license agreement from March 21, 1995 to May 31, 1996 inured to the benefit of Ms. Alonzo as the licensor. We will also assume (without deciding) that petitioner

acquired the ownership rights of Ms. Alonzo in the mark CUBITA for coffee in February 1999.

However, we find petitioner's assertion of February 14, 1994 as its first use is not substantiated in the record.

Petitioner's argument (brief, p. 5) that Ms. Alonzo had legal rights in the mark superior to respondent's rights "by virtue of her application's previous filing date and the nationwide constructive use provisions of Section 7 [of the Trademark Act]" is incorrect. The nationwide constructive use provision of Section 7(c), 15 U.S.C. §1057(c), is contingent upon registration of the mark on the Principal Register, but Ms. Alonzo's application was abandoned and did not register. Thus, no rights accrued to petitioner from Ms. Alonzo's abandoned application.

With regard to the asserted assignment of the licensee's rights in the mark CUBITA for coffee, paragraph X.B. of the trademark license agreement reads as follows:

> All rights which have been acquired by virtue of use of the trademark "Cubita" under this License shall automatically become assigned to and Licensee does hereby assign to Licensor all right, title and interest it might otherwise have acquired in and to this mark by virtue of use thereof or operation under this License Agreement.

We find several problems with this matter. We do not agree with petitioner that this paragraph constitutes an assignment of the rights in the mark CUBITA which the

licensee had prior to the date of the license agreement. On its face, this paragraph includes two references to "under this License". By a straightforward reading of this paragraph, Constante Importing Co., Inc. assigned only the rights it acquired during the term of the license, or starting on March 21, 1995. We do not interpret this paragraph in the agreement as an assignment of Constante Importing Co., Inc.'s (or Mr. Sheehan's) rights in the mark resulting from his use of the mark prior to the license agreement (i.e., from February 14, 1994 until March 21, 1995).[9]

Our interpretation of this paragraph is consistent with other evidence of record. Specifically, we have the testimony of Mr. Sheehan (a signatory to the license as president of Constante Importing Co., Inc.) that he was not giving up his rights in the mark CUBITA. Further, there is nothing in the record from Ms. Alonzo as the other signatory to this license agreement to contradict this testimony.

According to petitioner's interpretation, Ms. Alonzo received all of Mr. Sheehan's rights in the mark CUBITA. However, it is inconsistent that she would require and he

[9] We note that the license agreement defines "Licensed Products" as "coffee, as well as promotional materials used in connection with coffee and including T-shirts and posters" and it defines "Licensed Territory" as "all forty-seven (47) of the states in the continental United States and specifically excluding the State of Florida and by definition, excluding the states of Hawaii and Alaska." (Paragraphs I.A. and I.B.)

would assign all rights in the mark CUBITA (not only the rights of the licensee, but also his own rights), but nonetheless, he would maintain his own pending application for the mark (filed in February 1994). There is nothing in the record to show that Ms. Alonzo requested that Mr. Sheehan assign his application to her as the licensor.

An additional problem with petitioner's conclusion that this paragraph is clearly an assignment of all rights, including prior rights, in the mark CUBITA to Ms. Alonzo as licensor is that the wording thereof is flawed in that it does not include an assignment of the goodwill of the trademark. See 2 J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition, §18:2 (4th ed. 2001), and cases and authorities therein.

For the reasons explained above, we find that petitioner has not established its priority based on the trademark license agreement.

Finally, we now address whether petitioner has established priority of use through its purchase of Ms. Alonzo's rights in the mark. The assignment of Ms. Alonzo's rights to petitioner, at best, gives petitioner rights as of the date the trademark license agreement commenced, or March 21, 1995. As explained above, we will assume that Mr. Sheehan's use of the mark inured to the benefit of Ms. Alonzo from March 21, 1995 to May 31, 1996. But,

importantly, there is no evidence of record that Ms. Alonzo made any use of the mark prior to the first use of Mr. Sheehan on February 14, 1994. That is, the record is devoid of any evidence, either as testimony of witnesses (e.g., Ms. Alonzo) or any documents (e.g., invoices or sales orders), regarding use of the mark (or even plans to use or license the mark) by Ms. Alonzo prior to February 14, 1994. We have only the general and unsubstantiated testimony of petitioner's president that he negotiated with Mr. Angel and bought rights in the mark CUBITA based on the license agreement with Constante Importing Co., Inc. But there is no documentary evidence of use by Ms. Alonzo of the mark CUBITA for coffee at any time. The uncorroborated testimony of Mr. Diaz is insufficient to establish use of the mark CUBITA for coffee prior to respondent's use.[10] Therefore, even through petitioner's acquisition of Ms. Alonzo's rights, the earliest date to which petitioner is entitled thereunder is March 21, 1995.

Petitioner's direct first use of the mark occurred in July 1999, which is also subsequent to respondent's first use in February 1994.

[10] We note that there is conflicting testimony from Mr. Sheehan that shortly after he signed the license agreement with Ms. Alonzo, he could find no previous use by Ms. Alonzo of the mark CUBITA for coffee; and moreover, that he received a copy of a 1994 letter from petitioner's attorney to an agency of the Cuban government that he (the attorney) could find no evidence of the mark being used and it concerned the attorney because Ms. Alonzo did not appear to be in any coffee business.

On this record, petitioner has not proven priority of use of the mark.

Decision: The petition to cancel is denied.